



Jerry Speziale
Chief of Police

New Hope Police Department

41 North Main Street, P.O. Box 244
New Hope, Pennsylvania 18938

Laurence D. Keller
Mayor

Press Release

Worldwide there is a confirmed \$600 billion laundered annually. On Monday May 15, 2000 the newly appointed Chief of the New Hope Police Department will be testifying before the United States House of Representatives Commission on Banking and Financial Services. Chief Speziale will be testifying on Money Laundering and the Problem of Bulk Cash Smuggling in the United States. New York Channel 4 News and the New Jersey Network News will televise this hearing. This hearing will be held in the Congressional Commission Magisterial Courtroom, Second floor, Room 2-B in the Martin Luther King Federal Building, 50 Walnut Street, Newark, New Jersey.



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Domestic Money Laundering Activity

Remarks of
Chief of Police Jerry Speziale, Borough of New Hope, Pennsylvania
Former Narcotics Division Commander of the Passaic County Sheriff's Department
Before the Subcommittee on Banking and Financial Services

Thank you, Madam Chairwoman, for inviting me to testify before the Banking and Financial Services Subcommittee, to discuss issues involving the laundering of currency derived from illegal activity, more specifically, bulk cash smuggling. As a former Commander for three years with the Passaic County Sheriff's Department's Money Laundering Task Force, and prior tenure of fifteen years in the New York Drug Enforcement Task Force, I can describe my encounters and viewpoint regarding illegal money laundering activities impacting on New Jersey. Notwithstanding the increased law enforcement activities, New Jersey has been the core for money laundering activity.

New Jersey is very attractive to money laundering organizations because of its location being flanked by major metropolitan regions such as New York City and Philadelphia, and the convenience provided by our major airports, highways and marine terminals.

Another variable as to why money laundering organizations utilize New Jersey can be explained by the vast amount of containerized cargo that passes through New Jersey, New York and Philadelphia which enables these organizations to ship bulk cash through our ports in concealed cargo.

In January of 1998, the Passaic County Sheriff's Department formed a money laundering task force to combat the illegal money laundering activities occurring within the state of New Jersey. Initially, we determined that a majority of the money laundering organizations were conducting their illegal activities on both sides of the Hudson river. Fundamentally, law enforcement recognized the river as a jurisdictional boundary in which the criminal organizations did not. This legal situation enabled criminal organizations to be one step ahead of local law enforcement in the beginning stages. Based on the following, the Passaic County Sheriff's Department teamed up with federal, state and local law enforcement, (DEA, USCS, IRS, FBI, NYPD), in an effort to combat this multi-jurisdictional problem in a coordinated effort. In addition to the local coordination, the Passaic County Sheriff's Department formed an alliance with a South Florida money laundering task force recognized as the South Florida Impact Task Force. This alliance was formed due to the fact that many of the New Jersey

generated investigations touched the South Florida area. As a result of this coordinated effort, the Passaic County Sheriff's Department was responsible for the seizure of nearly thirty (30) million dollars in bulk cash since it's inception.

The Passaic County Sheriff's Department, mainly targets drug distribution networks involved in narcotics trafficking and money laundering activities. Many of the investigations indicated that money laundering organizations were dispatching couriers from the South Florida area to New Jersey by way of the Newark International Airport. A vast majority of these couriers would spend the night in a local hotel awaiting a pre-arranged contact over a digital communication device (ie. Pager, Cellular). Many of these awaited contacts were from members of narcotics distribution networks responsible for the delivery of bulk cash, derived from illegal drug sales. Much of these bulk cash transfers signified the funneling of millions of dollars in narcotics proceeds to major principles of South American drug cartels. Information and intelligence indicated that enormous quantities of these bulk cash transfers were occurring on busy midtown Manhattan streets being earmarked for South Florida. Upon it's arrival to the South Florida area we learned that much of the cash was either being smuggled out in containerized cargo, private aircraft or deposited into our domestic banking system.

Because of the increased amount of activity in the New York/New Jersey area, the Passaic County Sheriff's Department in conjunction with its allied law enforcement partners began undercover currency pickup operations. The goal of these multi-faceted undercover operations were to identify, disrupt and dismantle illicit money laundering and narcotics distribution networks. Intelligence gleaned as a result of the investigative strategies employed, indicated that these criminal enterprises have come up with a scheme to receive illegal proceeds in their homeland. The scheme involved the illegal sale of US dollars, known as the, "Dollar Peso Exchange." This elaborate scheme allows for illegally derived currency to be purchased and sold on the "black market." The purchased currency is then utilized to satisfy legitimate debt at major US Corporations. In hindsight, this system makes it ultimately impossible to detect because the bulk currency is deposited into financial institutions where it is ultimately wire transferred domestically. Thus, leaving the old style international money laundering transfers to a minimum.

In March of 1999, members of the Passaic County Sheriff's Department, New York City Police Department and South Florida Impact Task Force seized approximately \$750,000.00 dollars in bulk currency from a private aircraft in Miami, Florida. Information was received from the South Florida Impact Task Force that indicated a money-laundering courier was traveling from Miami, Florida to Newark, New Jersey via private aircraft. In a coordinated effort, surveillance was established on the courier upon his arrival to the Teterboro, New Jersey area. Upon his arrival, the courier traveled to New York City and lodged overnight at a midtown Manhattan hotel. The investigation revealed that the courier was receiving large quantities of bulk cash from various narcotics distribution rings in the New York City area. Upon receipt of the bulk cash, the courier would utilize the New York City hotel as a temporary storage facility. After receipt of more than \$500,000.00 dollars in currency the courier would hire a limousine to travel back to the airport in Teterboro, New Jersey. Upon arrival to the airport, the courier would board a private jet with the bulk cash currency and depart for Miami, Florida. Plans were formulated and the aircraft was stopped in Miami, Florida upon its arrival where the currency was seized.

In April of 1999, members of the Passaic County Sheriff's Department and Drug Enforcement Administration, Newark Field Division seized approximately \$1,000,000.00 dollars in bulk cash at a hotel located in North Bergen, New Jersey. Information was received from the South Florida Impact Task Force that indicated two (2) money-laundering couriers were traveling from Miami, Florida to Newark, New Jersey via commercial airline. In a coordinated effort, surveillance was established on the couriers upon their arrival to the Newark, New Jersey area. Once in New Jersey, the couriers lodged overnight at a North Bergen hotel. The investigation revealed that the couriers were traveling between New York and New Jersey where they were receiving large quantities of bulk cash. These couriers utilized the New Jersey hotel as a temporary storage facility to hold the currency until its final departure for South Florida where it would ultimately be diverted to the criminal organizations.

Madam Chairwoman, I would like to take this opportunity to thank you, Chairwoman Nydeia Velasquez of the Subcommittee, Chairman James Leach and Spencer Bachus for the newly developed H.I.F.C.A. program designed to take a multi-jurisdictional approach at combating this illegal money laundering activity in your district. As you can clearly see, a multi-jurisdictional approach is the only way to combat this illegal activity. I would also like to thank United States Attorney Robert J. Cleary, District of New Jersey, Assistant US Attorney Marion Percell, District of New Jersey, Assistant US Attorney Chauncy Parker, Southern District of New York and Assistant US Attorney Jody Abragon, Eastern District of New York whom have all work tirelessly to see that this H.I.F.C.A program is the most successful tool in combating this illegal money laundering era. I would also like to recognize Passaic County Sheriff Ed Englehardt, Passaic County Prosecutor Ronald Fava and South Florida Impact Director James Bulter for the support of the Passaic County Money Laundering Task Force.